

ORIGINAL

NEW APPLICATION



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ARIZONA CORPORATION COMMISSION

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ARIZONA CORPORATION COMMISSION
DOCKET CONTROL



Arizona Corporation Commission

DOCKETED

JUL 21 2010

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FINANCING APPLICATION

W-02678A-10-0303

A Petersen Water Company, Inc.
UTILITY NAME

New Application
DOCKET NO(S)

You must complete ALL items in the application according to the instructions provided. If you have any questions regarding the application please call (602) 542-4251 for Staff assistance.

IN ORDER TO PROCESS YOUR APPLICATION
PLEASE FORWARD THE ORIGINAL
AND THIRTEEN COPIES OF THE
APPLICATION PLUS
THREE PACKETS OF THE SUPPORTING
DOCUMENTATION TO:

ARIZONA CORPORATION COMMISSION
DOCKET CONTROL CENTER
1200 WEST WASHINGTON STREET
PHOENIX, ARIZONA 85007

A. Petersen Water Company, Inc.
340 North 9th St. Suite A
Show Low, AZ 85901

Authorized Representative:

Thomas Grapp
Vice President
PO Box 1270
Show Low, AZ 85902

Financing Description:

Proposed financing is unsecured debt financing. Amount of the financing is \$6,225.62, associated interest rate is 10%, payment will be due monthly and date of maturity will be one year from Arizona Corporation Commission approval. Please view attached amortization summary, marked Exhibit A, for detailed information regarding principal amount, duration, monthly payment and total accrued interest when the loan reaches maturity. The principal amount of financing stated above is the total amount of subsidization provided by Mr. Mark Grapp to A. Petersen Water Company, Inc. Although A. Petersen Water Company, Inc. is unable to meet expenses due to insufficient rates, the Company is mandated to continue providing safe, reliable drinking water; the option available to fulfill this obligation was for A. Petersen Water Company, Inc. to borrow money from Mr. Mark Grapp.

Statement showing the expected gross proceeds, issuance expenses and net proceeds from the issuance and sale:

Debt is not being obtained from the issuance of stock; therefore, a statement showing the expected gross proceeds, issuance expenses and net proceeds is not available.

Complete description of the uses of the net proceeds, including descriptions of plant, property or other assets to be acquired. Provide any capital expenditure budget that supports the proposed use of proceeds:

The debt was obtained in the subsidization of A. Petersen Water Company, Inc. in the following categories and amounts:

601:	Salaries and Wages –	\$4,325.93
620:	Repairs and Maintenance –	\$1,327.43
641:	Rents –	\$572.26

Financing is not intended for the purpose of capital expenditures; rather, the financing was used to subsidize operations current rates do not provide the ability to pay.

Statement that demonstrates why the financing is:

A. Within the corporate powers of the applicant:

As an Arizona Corporation, A. Petersen Water Company, Inc. is permitted to enter into binding agreements not prohibited by State Law or Corporation documents and as approved by the officers of the Corporation.

B. Compatible with the public interest:

Public interest requires Utilities to provide safe, reliable drinking water. Aspects of providing aforementioned product demands employees be reimbursed for services performed so operations can continue in accordance with best utility practices, repairs are made promptly and maintenance performed when necessary and all leases associated with the Company are paid in a timely manner.

C. Compatible with sound financial principles:

Sound financial principles dictate that debt may be incurred when such debt can be repaid. A. Petersen Water Company, Inc. anticipates the ACC will allow the Company to adopt rates that will provide for repayment of aforementioned debt and permit the Company to avoid the necessity of incurring debt to maintain operations in the future.

D. Compatible with the proper performance by the applicant of service as a public service corporation and will not impair its ability to perform service:

Lack of income received through rates impairs A. Petersen Water Company, Inc.'s ability to perform service. Adopting debt was necessary to maintain proper performance expected of public service corporations. Providing the rate case submitted concurrently with this finance application returns rates sufficient to meet sound financial principles, the incurring of aforementioned debt will not impair the Company's ability to perform service.

Name and address of any person receiving, or entitled to, a fee for service in connection with the issuance or sale of the financing and a demonstration that such fees do not exceed customary fees for such service in an arms-length transaction and are reasonable:

No person is receiving or entitled to a fee for service in connection with the issuance or sale of the financing since the debt is not incurred through issuance or sale.

Documents to be executed in the matter:

Please see Exhibit B.

Most recent balance sheet and income statement:

Please see Exhibit C. Current balance sheet and income statement do not support the incurring of debt as a sound financial practice. Understanding this fact, A. Petersen Water Company, Inc. concurrently submitted a rate case application proposing rates sufficient to pay aforementioned debt and create a financial position consistent with sound financial principles and best utility practices.

Customer notification:

Please see Exhibit D.

EXHIBIT A

Loan Summary

Principal:	\$6225.62
Interest Rate:	10%
Loan Term:	1 years

Payment Summary

Number of Payments:	12
Monthly Payment:	\$547.33
Total Principal Paid:	\$6,225.62
Total Interest Paid:	\$342.35
Total Paid:	\$6,567.97

Yearly Amortization Schedule

Payments	Yearly Total	Principal Paid	Interest Paid	Balance
Year 1 (1-12)	\$6,567.97	\$6,226.00	\$342.00	\$0.00
Totals	\$6,567.97	\$6,225.62	\$342.35	

EXHIBIT B

Mark Grapp
PO Box 1270
Show Low, Az 85902
(928) 537-8739

A. Petersen Water Company, Inc.
PO Box 1270
Show Low, Az 85902
(928) 537-8739

LOAN DOCUMENT

PURPOSE:

A. Petersen Water Company, Inc. sought financial relief and received a loan for the principal amount of \$6,225.62 from Mr. Mark Grapp, President of A. Petersen Water Company, Inc. Said loan is not secured by collateral and shall be used for the specific purpose of repaying Mark Grapp for subsidizing A. Petersen Water Company, Inc.'s operating expenses. The loan shall be apportioned in the following manner:

Account 601: Salaries and Wages –	\$4,325.93
Account 620: Repairs and Maintenance –	\$1,327.43
Account 641: Rents –	\$572.26

TERMS:

Loan shall be for a period not to extend beyond 12 months; no penalty will be added in the case of payment in full prior to the loan reaching maturity.

Interest rate associated with the loan is 10%.

Payments are due on a monthly basis on the 15th day of each month. A late payment fee of \$30.00 will be assessed on each payment not received before the 30th of each month.

AGREEMENT:

Signing Parties agree to the Purpose and Terms as stated above.

Lender: Mark Grapp

A. Petersen Water Company, Inc.
Vice President: Thomas Grapp

EXHIBIT C

COMPANY NAME: <u>A Petersen Water Company, Inc.</u>	Test Year Ended: <u>2009</u>
Name of System: <u>Same as Above</u>	ADEQ Public Water System Number: <u>09030</u>

BALANCE SHEET

Acct. No.	ASSETS	BALANCE AT BEGINNING OF TEST YEAR	BALANCE AT END OF TEST YEAR
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$ 0	\$ (1987)
134	Working Funds	2669	0
135	Temporary Cash Investments	0	0
141	Customer Accounts Receivable	870	1866
146	Notes/Receivables from Associated Companies	0	0
151	Plant Material and Supplies	0	0
162	Prepayments	0	260
174	Miscellaneous Current and Accrued Assets	0	0
	TOTAL CURRENT AND ACCRUED ASSETS	\$ 3539	\$ 139
	FIXED ASSETS		
101	Utility Plant in Service	\$ 24394	\$ 28563 *
103	Property Held for Future Use	0	0
105	Construction Work in Progress	0	0
108	Accumulated Depreciation – Utility Plant ("AD-UP")	2637	(\$ 4549)**
121	Non-Utility Property	0	0
122	Accumulated Depreciation – Non Utility ("AD-NU")	0	(\$ 0)
	TOTAL FIXED ASSETS	\$ 21757	\$ 24014
	TOTAL ASSETS	\$ 25296	\$ 24153

Note: Total Assets on this page should equal the sum of Total Liabilities and Total Capital on page 22. Also, numbers in parentheses should be subtracted. For example, Accounts 108 and 122 should be subtracted from Total Fixed Assets.

* Must equal page 15, original cost

** Must equal page 15, accumulated depreciation

COMPANY NAME: <i>A Peterson Water Company, Inc.</i>	Test Year Ended: <i>2009</i>
Name of System: <i>Same as Above</i>	ADEQ Public Water System Number: <i>08082</i>

BALANCE SHEET (CONTINUED)

	LIABILITIES	BALANCE AT BEGINNING OF TEST YEAR	BALANCE AT END OF TEST YEAR
	CURRENT LIABILITES		
231	Accounts Payable	\$ 0	\$ 0
232	Notes Payable (Current Portion)	0	0
234	Notes/Accounts Payable to Associated Companies	0	0
235	Customer Deposits	560	640
236	Accrued Taxes	0	0
237	Accrued Interest	79	136
241	Miscellaneous Current and Accrued Liabilities	0	0
	TOTAL CURRENT LIABILITIES	\$ 639	\$ 776
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds	\$ 0	\$ 0
	DEFERRED CREDITS		
251	Unamortized Premium on Debt	\$ 0	\$ 0
252	Advances in Aid of Construction	0	\$ 0 *
255	Accumulated Deferred Investment Tax Credits	0	0
271	Gross Contributions in Aid of Construction	0	\$ 0 **
272	Less: Amortization of Contributions	0	(\$ 0)
281	Accumulated Deferred Income Tax	0	0
	TOTAL DEFERRED CREDITS	\$ 0	\$ 0
	TOTAL LIABILITIES	\$ 639	\$ 776
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$ 0	\$ 0
211	Paid in Capital in Excess of Par Value	0	0
215	Retained Earnings	24657	23377
218	Proprietary Capital (Sole Props and Partnerships)	0	0
	TOTAL CAPITAL	\$ 24657	\$ 23377
	TOTAL LIABILITIES AND CAPITAL	\$ 25296	\$ 24153

Note: Account 272 should be subtracted from Total Deferred Credits.

** Must equal page 24, Total Advances in Aid of Construction*

*** Must equal page 25, Total Contributions in Aid of Construction*

COMPANY NAME: <i>A Petersen Water Company, Inc.</i>	Test Year Ended: <i>2009</i>
Name of System: <i>Same as Above</i>	ADEQ Public Water System Number: <i>09032</i>

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	TEST YEAR
461	Metered Water Revenue	\$ 18,226	\$ 18,482
460	Unmetered Water Revenue	0	0
474	Other Water Revenues	125	150
	TOTAL OPERATING REVENUES	\$ 18,351	\$ 18,632 *
	OPERATING EXPENSES		
601	Salaries and Wages (See page 1, item 4)	\$ 7,830	\$ 9,715
610	Purchased Water (See page 1, item 5)	0	0
615	Purchased Power (See page 1, item 6)	2301	2501
618	Chemicals	0	0
620	Repairs and Maintenance (See page 1, item 7)	12	669
621	Office Supplies and Expense	367	778
630	Outside Services (See page 1, item 8)	518	2237
635	Water Testing (See page 1, item 9)	828	842
641	Rents	554	1512
650	Transportation Expenses	0	655
657	Insurance - General Liability	24	260
659	Insurance - Health and Life	0	0
666	Regulatory Commission Expense - Rate Case	0	0
675	Miscellaneous Expense	0	0
403	Depreciation Expense (From page 20)	901	1312
408	Taxes Other Than Income	1110	1094
408.11	Property Taxes (See page 1, item 10)	314	362
409	Income Tax	0	0
	TOTAL OPERATING EXPENSES	\$ 14,819	\$ 21,937
	OPERATING INCOME/(LOSS)	\$ 3,532	\$ (3,305)
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$ 0	\$ 0
421	Non-Utility Income	0	0
426	Miscellaneous Non-Utility Expenses	0	0
427	Interest Expense	(3)	0
	TOTAL OTHER INCOME/(EXPENSE)	\$ (3)	\$ 0
	NET INCOME/(LOSS)	\$ 3,529	\$ (3,305)

Note: Do not include sales tax in revenue or expense. Please refer to the checklist on page 1 for the required attachments related to this schedule.

* This number must be identical to the number entered on page 6 "total operating revenues."

EXHIBIT D

A. Petersen Water Company, Inc.
PO Box 1270
Show Low, Az 85902
Office - (928) 537-8739
Fax - (928) 537-1245
E-mail - watercos1@gmail.com

July 19, 2010

RE: A. Petersen Water Company, Inc. Finance Application Public Notification

To Whom It May Concern:

Public Notification required by the Arizona Corporation Commission in the matter of a Finance Application was mailed to customers of A. Petersen Water Company, Inc. on July 19, 2010, as evidenced by this notarized statement. A copy of the Public Notification follows. Please contact the office of A. Petersen Water Company, Inc. with any questions. Thank you.

Best Regards,



Thomas Grapp

SUBSCRIBED AND SWORN TO BEFORE ME Ada Erickson

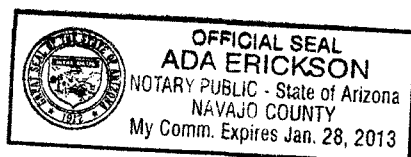
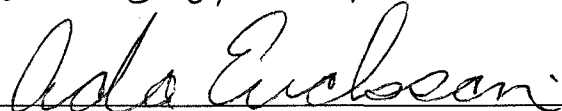
A NOTARY PUBLIC IN AND FOR THE COUNTY OF Navajo

THIS 19 DAY OF July 20 10.

MY COMMISSION EXPIRES Jan 28, 2013.

SEAL:

SIGNATURE:



PUBLIC NOTICE OF AN APPLICATION FOR AN ORDER
AUTHORIZING THE ISSUANCE OF DEBT BY
A. PETERSEN WATER COMPANY, INC.

A. Petersen Water Company, Inc. ("Company") filed an Application with the Arizona Corporation Commission ("Commission") for an order authorizing Applicant to issue \$6,225.62 (gross proceeds) of debt. The application is available for inspection during regular business hours at the office of the Commission in Phoenix, Arizona and the Company's offices in Show Low, Arizona.

Intervention in the Commission's proceedings on the application shall be permitted to any person entitled by law to intervene and having a direct substantial interest in this matter. Persons desiring to intervene must file a Motion to Intervene with the Commission which must be served upon applicant and which, at a minimum, shall contain the following information:

1. The name, address and telephone number of the proposed intervenor and of any person upon whom the service of documents is to be made if different than the intervenor.
2. A short statement of the proposed intervenor's interest in the proceeding.
3. Whether the proposed intervenor desires a formal evidentiary hearing on the application and the reasons for such a hearing.
4. A statement certifying that a copy of the Motion to Intervene has been mailed to Applicant.

The granting of Motions to Intervene shall be governed by A.A.C. R14-3-105, except that all Motions to Intervene must be filed on, or before, the 15th day after this notice.